



Code Management Committee

**ANNUAL REPORT
2020-2021**

September 2021

**Code of Conduct for Australian
Winegrape Purchases**

FOR INDUSTRY, BY INDUSTRY



CODE MANAGEMENT COMMITTEE CONTACTS

Tony Battaglone
Chief Executive Officer
Australian Grape and Wine Incorporated
PO Box 2414
Kent Town SA 5000

Telephone: 0413 014 807
Email: tony@agw.org.au

Anna Hooper
Australian Grape and Wine Incorporated
National Wine Centre
Cnr Botanic Rd & Hackney Rd
Adelaide SA 5000

Telephone: 08 8133 4400
Email: anna@agw.org.au

CODE SECRETARIAT

c/o The Accord Group
Level 2, 370 Pitt Street
Sydney NSW 2000

Telephone: (02) 9264 9506
Email: secretariat@wineindustrycode.org
Website: <http://www.wineindustrycode.org>

Contents

INTRODUCTION	4
The Code of Conduct for Australian Winegrape Purchases	4
Secretariat to the Code	4
REPORT ON ACTIVITIES 2020-2021	5
Code Management Committee	5
Signatories to the Code	6
Enquiries	8
Nature of Disputes	8
Requests for the Appointment of Independent Expert	8
Comments from the Code Secretariat	8
ACKNOWLEDGEMENTS	9

INTRODUCTION

This is the tenth Code of Conduct for Australian Winegrape Purchases Annual Report prepared by the Code Management Committee (the Committee). This report covers the period from 1 July 2020 to 30 June 2021.

The Code of Conduct for Australian Winegrape Purchases

The Code of Conduct for Australian Winegrape Purchases (The Code) was developed as a foundation for building relationships between growers and winemakers that are fair, equitable and mutually beneficial as well as to provide a quick and cost-effective dispute resolution process. The Code sets minimum standards relating to grape purchasing including quality assessment for the purpose of affecting price, alternative mechanisms for determining price and payment terms.

Originally signed by representatives of the former Winemakers' Federation of Australia (WFA) and Wine Grape Growers Australia (WGGA) on 19 December 2008, the Code is now administered by Australian Grape and Wine Incorporated, the organization formed as a result of the amalgamation of the aforementioned organisations in 2018. The Code has since been subject to a review and an amended version was released in November 2020. In conducting this review, the Committee adopted a number of recommendations from the ACCC's Winegrape Market Study released in September 2019 and made a commitment to encouraging greater uptake of the Code by winemakers. This annual report is the first since the amended Code was released and it should be noted that there were several transitional provisions that applied during the period. Signatories were afforded three months to offer to Growers to amend their Grower Supply Agreements, to make them consistent with the amended Code, with effect no later than 31 December 2021. Therefore, during the reporting period, it is likely that some Agreements were yet to be adjusted to reflect the amended Code.

The Australian winegrape crush for 2021 was estimated to be 2.03 million tonnes, the largest recorded crush in Australia's history, balancing two consecutive below average years in 2019 and 2020. Despite a number of significant market disruptions during the period from the global pandemic and the substantial loss of the China market due to the introduction of tariffs, the average winegrape price remained relatively stable increasing by 1 per cent to \$701 per tonne.

Secretariat to the Code

The Committee appoints a Secretariat to the Code to provide secretariat services to the Code's administration and to which the Committee may delegate any of its powers or duties under the Code.

The Accord Group was the appointed Secretariat for the Australian Wine Industry Code from October 2020 until October 2021.

REPORT ON ACTIVITIES 2020-2021

Code Management Committee

The Code is overseen and administered by the Code Management Committee appointed by the Board of Australian Grape & Wine. The Committee held four meetings throughout the period.

The Committee consists of eight members and an independent Chair, and is supported by Australian Grape & Wine as the Committee Secretariat. As of September 2019, the Committee operated under an amended Terms of Reference that requires that it has equal representation from both winemakers and grape growers. Both Riverina and Murray Valley Wine regions have had a standing invitation to have representatives attend each meeting as observers. The composition of the Committee during the period was:

Members	Representing	Member type
Peter Hayes	Independent Chair	
Jim Caddy	Riverland Wine	Grower
Ben Rose	Performance Viticulture	Grower
Chris Byrne (until November 2020)	Inland Wine Regions	Grower
Ashley Keegan (from November 2020)	Fabal Wines	Grower
Andrew Weeks (until December 2020)	Weeks Consulting	Grower
Sean Cole (from December 2020)	CCW-Co-Operative Ltd	Grower
Luke Edwards	Casella Family Wines	Winemaker
Jason Duldig	Accolade Wines	Winemaker
Fiona Anderson	Treasury Wine Estates	Winemaker
Byron Hodgkinson (until December 2020)	Pernod Ricard	Winemaker
Georgie Johnston (from December 2020)	Pernod Ricard	Winemaker
CMC Secretariat		
Tony Battaglione	Australian Grape & Wine	
Anna Hooper	Australian Grape & Wine	
Lee McLean	Australian Grape & Wine	
Observers		
Paul Derrico	Murray Valley	
Brian Simpson	Riverina Winegrape	

The Committee's responsibilities include acting as the custodian of the Code, monitoring and assessing the Code's performance, improving the Code, facilitating resolution of disputes over winegrape prices, vineyard downgrades and rejections, and determining alleged breaches of the Code. It is required to produce an annual report to be published by 30 September each year containing:

- A description of the nature and number of disputes received;
- Any comments it wishes to make about conduct or trends in the industry;
- The number of Disputes notified to the Secretariat and/or resolved under the provisions of the Code;
- The number of Signatories who have breached the Code; and
- A list all current signatories to the code and new signatories since the previous annual report.

In monitoring the Code, the Committee may recommend amendments to assist the Code's operation.

Signatories to the Code

During this period, we were pleased to receive 20 new applications to become a signatory to the Code, including several producers of significant scale. After a process of reconciling and updating the signatory database (including the removal of signatories that no longer exist), there is currently a total of 63 signatories. We estimate that with additional winemakers having signed up to the Code over the last 12 months, that the percentage of Australian grapes crushed by signatories is now over 60%.

Accolade Wines
All Saints Estate Pty Ltd
Australia Food and Beverage Group Pty Ltd
Australian Vintage Limited
Balnaves Vineyard Services Pty Ltd t/as Balnaves of Coonawarra
Berton Vineyards
Bleasdale Vineyards Pty Ltd
Brown Brothers Milawa Vineyard Pty Ltd
Campbells Wines Pty Ltd
Cape Jaffa Wines
Casella Wines Pty Ltd t/as Casella Family Brands
Cheviot Wine Group
Colbinabbin Estate Vineyard Management Pty Ltd
Constellation Australia Limited
Coonawarra Jack P/L
Cumulus Wines Pty Ltd
d'Arenberg Pty Ltd
Difabio Estate Wines Pty Ltd
Dorrien Winemaking
Down to Earth
Eagle Bay Brewing Co
Eden Road Wine Company t/as Eden Road Wines
Feathertop Winery
First Creek Wines
Fleurieu Vintners Pty Ltd t/as Boar's Rock
Four Winds Vineyard

Fowles Wine
Fox Gordon Pty Ltd
Gemtree Vineyards Pty Ltd
Green Door Wines
Growers Wine Group
Hallman Pty Ltd T/as Eden Hall Wines
Heartland Wines Pty Ltd
Henry Holmes Wines Pty Ltd
Hill River Estate Wines (formally Ramco Wine Group)
J & M Innes Pty Ltd
Kirrihill Wines Pty Ltd
Lark Hill Wine Co
Limestone Coast Wines Pty Ltd
Monalto
Oakridge Wines Pty Ltd
Paradigm Hill
Pernod-Ricard Winemakers
Rathbone Wine Group Pty Ltd
Rusden Wines
Samarkan Pastoral Co Pty Ltd t/as Coombe Farm
Seppeltsfield Wines Pty Ltd
Serafino Wines
Shaw and Smith Pty Ltd
Shaw Family Vintners Wines
Shingleback Wine Pty Ltd
Sirromet Wines
Smallwater Estate
Tahbilk Pty Ltd on behalf of The Tahbilk Group
Tinja Pastoral/Lowe Family Wine Co
Tinlins Wines Pty Ltd
Treasury Wine Estates
Trentham Estate
Tyrrell's Vineyards Pty Ltd
Vineyard 28
Voyager Estate (WA)
Wirra Wirra Vineyards
Yalumba Wine Company

The Committee acknowledges that the number of signatories to the Code must continue to grow over the next 12 months with continued focus on wineries with processing capacity above 10 000 tonnes. Australian Grape & Wine will continue its membership drive prior to vintage 2022. A register of signatories is maintained on the Australian Wine Industry Code of Conduct [website](#).

Dispute Activity Report July 2020 – June 2021

Enquiries

There were five enquiries received during the period, which is less than the eight enquiries received in the 2019-20 period.

Nature of Disputes

One enquiry related to a contractual dispute and another enquiry related to the payment of invoices. In both these matters, the respondent purchasers were not signatories to the Code.

Three enquiries were related to pricing issues and notices of dispute were addressed to two different winegrape purchasers in accordance with the Code dispute resolution procedure.

Requests for the Appointment of Independent Expert

There was one request for the appointment of an independent technical expert and the matter was resolved.

Comments from the Code Secretariat

This period has seen a similar level of enquiries to 2019-20, which is less than the busy periods in 2017-18 and 2018-19. This may indicate either less dispute activity or that parties have been able to resolve issues without resorting to the Code. When matters are referred to the Code, it is positive that we have been able to successfully assist parties to reach a resolution at an early stage.

It is also encouraging that we received a high number of new signatory applications, owing to significant outreach activities of the Code Management Committee. This is significant in light of the new Code released in November 2020. As we continue to receive enquiries related to non-signatories, it is important to continue encouraging purchasers to sign up to the Code so the dispute resolution procedures can become even more effective.

The Accord Group

Code Secretariat, July 2021

FURTHER WORK

The ACCC recommendations extended beyond the Code to the provision of supporting material that will improve transparency in both pricing mechanisms and in how quality assessments for the purpose of affecting price or rejection decisions are conducted.

Australian Grape & Wine has worked closely with the Australian Wine Research Institute (AWRI), to produce the following supporting material:

- Industry Endorsed Standard Procedures for Vineyard Sampling, MOG Assessment, Weighbridge Assessment, Brix and Colour;

- A procedure for Pest and Disease Assessment at the vineyard;
- A procedure for Sensory Analysis of wine attributes that can be applied to assessment of smoke taint compounds;
- An updated Winegrape Assessment in the Vineyard and at the Winery document for publication later in 2021;
- Templates for verbal agreements and spot contracts and for winemakers notifying growers that the Code is to be incorporated into their Grape Supply Agreement; and
- A Frequently Asked Questions document.

Next year will see the delivery of workshops across Australia aimed at promoting uptake of the Code and use of best practice, as well as online tools and training for third party experts in Australia to assess the validity of testing and sampling.

ACKNOWLEDGEMENTS

The Code Management Committee members would like to acknowledge the support and cooperation throughout the year of:

- The Accord Group
- Australian Grape and Wine Incorporated
- AWRI
- Wine Australia

FINANCIAL REPORT

The financial report for 2020-21 is provided below:

TABLE 1: FINANCIAL REPORT FOR CODE OF CONDUCT FOR YEAR END 30 JUNE 2021

Accord Group Fee + Code Website hosting fee	\$4750
Domain Hosting Fee	\$21.77
Meeting Costs	\$9.09
Advertising	\$22.73
Legal Fees	\$9,476
Total	\$14, 279.59